

## Fact Sheet:

# City participation in proposed Downtown East development

### The Project:

This \$400 million development will transform five blocks of Downtown East that are currently dominated by surface parking lots. The project will result in a new two-block public park and a Ryan Companies office development of 1.2 million square feet: the largest office development in Minneapolis in 22 years and the largest single commitment by a corporate owner in Minneapolis history. It also includes residential and retail components. Wells Fargo will purchase the buildings from Ryan upon completion.

The project is estimated to generate about \$1.1 million in annual property taxes to the City in the first year and an estimated \$42 million over the first 30 years. In addition, over that period of time, Hennepin County is estimated to net about \$50 million in property taxes and the Minneapolis Public Schools about \$35 million.

### The City's role:

Under this agreement, the City will finance a two-block public park and a portion of the new Block 1 (McClellan) parking ramp.

The proposal is for the City to finance \$18 million for the park, \$33 million for the ramp and \$4 million for limited site preparation. The bonds that are sold to finance these elements will be repaid by using parking revenue off the newly-constructed Block 1 ramp, and the existing Block 6 (Downtown East) ramp.

The ramp revenue that will be used to make bond payments over 30 years is based on reasonable projections: the projections assume that monthly parking leases at the new ramp would be slightly less than the lease rate today at the nearby Haaf ramp. In addition, because payments coming to the City from Ryan will cover the anticipated debt service in years 1–10, the City has no financial risk in those years.

The package includes money to acquire land for the park, mitigate the property and begin to build the park. Park design and construction will be enhanced with a private donation campaign, which has been started with a \$1 million donation from the Minnesota Vikings. Park operations are intended to be covered by the commitment of nonprofit sponsorships within the park.

The City will also receive the proceeds for selling air and liner rights on the new Block 1 ramp. These potential proceeds, as well as potential increased revenue from parking in the Haaf Ramp, would be extra City revenue above and beyond what's factored into this package.

Since the project was first announced last summer, the project financing has been affected by an increase in bond interest rates. That gap was closed in the last month by a series of actions, primarily by Ryan Companies agreeing to take on \$3.7 million in costs and fees that would have been paid for by the City.